

## Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-10

NSAE-00 PA-02 SS-15 PRS-01 SP-02 USIA-15 TRSE-00

SAJ-01 AID-05 CEA-01 COME-00 EB-07 EA-09 FRB-01 IO-10

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FM SECSTATE WASHDC

TO USMISSION OECD PARIS

USMISSION NATO

UNCLAS STATE 243326

E.O. 11652: N/A

TAGS: AORG, OECD, NATO

SUBJECT: PENSION SCHEME FOR COORDINATED ORGANIZATIONS

REFS: (A) USNATO 5557

(B) OECD PARIS 26330

(C) OECD PARIS 26272

(D) STATE 238584

1. IF SECGEN PROPOSAL WILL RESULT IN LOSS TO GOVERNMENTS  
OF A SUM ON THE ORDER OF 100 MILLION FRENCH FRANCS (OF  
WHICH 54 MILLION IN OECD ALONE) WE REGARD THIS AS A  
SERIOUS MATTER. IF THIS IS BEST ESTIMATE WE WOULD BE  
INCLINED TO SEEK AGREEMENT ON INTERPRETATION ON ARTICLE  
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27 OF 94TH REPORT OF THE CCG WHICH WOULD REDUCE AMOUNTS

RETAINED BY EMPLOYEES.

2. WE RECOGNIZE THE SPECIAL PROBLEM IN NATO DUE TO FACT THAT DIFFERENT CURRENCIES USED IN PROVIDENT FUNDS AND, AS STATED IN STATE 237277, FEEL THIS MATTER REQUIRES FURTHER DISCUSSION.

3. WE NOTE THAT CANADIANS INTEND THEIR PROPOSAL TO APPLY TO BOTH OECD AND NATO. CANADIAN PROPOSAL HAS OBVIOUS MERIT OF BASING COST OF VALIDATION ON A COMMON UNIT, BUT WE NOTE OBSERVATION REF B THAT UNDER THIS CANADIAN APPROACH OECD PROVIDENT FUND WOULD BE REVALUED AT AMOUNT GREATER THAN VALUE OF ITS CURRENT ASSETS AND THAT SECGEN PROPOSAL APPARENTLY SET INTEREST RATE OF 4 PERCENT TO COMPENSATE FOR CURRENCY DEPRECIATION.

4. DEPARTMENT CANNOT TAKE FIRM POSITION ON VALIDATION ISSUE TO BE USED DURING OCTOBER 14-15 MEETING. US DEL SHOULD ATTEMPT CLARIFY ESTIMATE OF FUNDS WHICH WOULD BE RETURNED TO EMPLOYEES IF ARTICLE 27 INTERPRETED AS SECGENS' PROPOSE OR IF CANADIAN PROPOSAL (AS REWORDED REF A) APPLIED PER FORMULAS A AND B (REF A).

5. DEPARTMENT BELIEVES THAT USNATO AND USOECD SHOULD COORDINATE THEIR ANALYSIS AND REPORTING ON PENSION ISSUE IN ORDER TO TAKE INTO ACCOUNT DIFFERING CIRCUMSTANCES IN EACH ORGANIZATION. WE WILL ASSUME IN FUTURE THAT RECOMMENDATION FOR POSITIONS TO BE TAKEN AT CCG REPRESENT VIEWS OF BOTH MISSIONS. WE RECOGNIZE THAT COORDINATION MAY NOT ALWAYS BE POSSIBLE. IN SUCH CASES, THIS SHOULD BE BROUGHT TO OUR ATTENTION. KISSINGER

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